

# UNVEILING THE DARK SIDE OF E- CIGARETTE TRADING IN INDIA: MYTH v REALITY

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## **1. ABSTRACT-**

E-cigarette is a global problem where not only India but many other countries are trying to curb the ill effects. This research paper investigates the impact of illicit E-cigarette trade on India's economy and its youth population. The paper employs a mixed-methods approach involving qualitative analysis of regulatory challenges and market analysis. Health implications are evident, with deceptive marketing tactics increasing youth consumption of unregulated products. The study provides evidence-based policy recommendations. The paper's value lies in its comprehensive examination of the issue, offering insights for policymakers to address economic and public health concerns. Ultimately, this research underscores the need for urgent actions to curb the illegal e-cigarette trade and protect the future well-being of the nation's youth and economy.

## **2. INTRODUCTION-**

E-cigarettes were first designed in 1963 by a man named Herbert A. Gilbert who had a patent for the same<sup>1</sup>. They were later invented in China in the year 2003 by a man named Hon Lik. In 2008, the World Health Organisation declared that e-cigarettes were not to be marketed as a smoking cessation aid however did not offer any suggestion towards whether they had a positive or negative effect, which paved the way for their continued popularity.<sup>2</sup>

E-cigarettes were banned in India under The Prohibition of Electronic Cigarettes [Production, Manufacture, Import, Export, Transport,

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<sup>1</sup> <https://patents.google.com/patent/US3200819>

<sup>2</sup> <https://okvape.co.uk/blog/vaping-beginners/brief-history-of-e-cigarettes/>

Sale, Distribution, Storage and Advertisement] Act which came into force in 2019<sup>3</sup>. Its very purpose for banning e-cigarettes was to protect public health.

India, the world's most populous country and a prominent player in the global economy has the highest number of youth globally. The appetizing flavors that E-cigarette comes in, such as blueberry, mint, or mango, were especially attractive to the younger generation. The original growth in vaping numbers was largely attributed to smokers trying to quit, as E-cigarettes are believed to be less harmful than actual cigarettes. Regular cigarettes deliver 7000 other chemicals [arsenic, benzene, ammonia, lead, etc.] to your lungs along with nicotine, and therein lies the biggest danger<sup>4</sup>. E-cigarettes cut out all the other chemicals.

47 countries have banned E-cigarettes including Argentina, Australia, Brazil, North Korea, Qatar, Singapore, Thailand, and many others. All of them have different policies to tackle the after-effects of banning e-cigarettes. Some countries have imposed a complete ban whereas some countries have regulated them in different forms. Some have regulated them as tobacco products, some have regulated them as hazardous substances or poison, and some regulated them as medicinal products. Some have also Imposed a component ban rather than banning the whole product.

Even after the ban on e-cigarettes, Shopkeepers keep vapes secretly and sell them to teenagers at a cheap price. These shops are mostly pan shops where e-cigarettes or pen hookahs are sold openly. No action is taken by the police to stop these pan shops from selling vapes to any age group.

The purpose of this research paper is to analyze and understand the current situation of the E-cigarette trade in India and the reason for youth involvement, this research paper aims to spread awareness at a larger level.

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<sup>3</sup> <https://www.indiacode.nic.in/bitstream/123456789/13078/1/A2019-42.pdf>

<sup>4</sup> <https://www.hopkinsmedicine.org/health/wellness-and-prevention/5-truths-you-need-to-know-about-vaping>

In the following sections, this paper will analyze the scope of the problem, evaluate its economic implications, scrutinize the health effects on the youth, dissect the regulatory challenges, benchmark international experiences, and culminate in policy recommendations. Through a multidisciplinary approach, this study seeks to provide a holistic understanding of the issue, advocating for strategies that balance economic prosperity with the well-being of India's youth.

### **3. RESEARCH METHODOLOGY-**

This section outlines the research methodology employed to investigate the effects of the illicit trade of e-cigarettes on the economy of India and the youth of the country. The study adopts a mixed-methods approach that combines both qualitative and quantitative techniques to comprehensively analyze the topic.

#### **1. Data Collection-**

##### **a. Primary Data-**

Primary data is collected directly through reports and surveys conducted by various organizations. The interviews of various people in High command, data collected from doctors, and various other videos. These videos will provide valuable insights into the regulatory challenges, economic impact, and youth perceptions related to the illicit E-cigarette trade.

##### **b. Secondary Data-**

Secondary data will be gathered from various sources, such as academic journals, government reports, industry publications, and reputable online databases. This data will be used to establish the context, analyze existing literature, and verify the findings.

#### **2. Sampling of Youth Population-**

For surveying the youth population, a random sampling technique will be employed. Different groups, regions, and educational backgrounds will be considered to ensure a diverse and representative sample.

#### **3. Comparative Analysis-**

The paper studies the policies of other countries that are facing similar challenges. It also compares India's regulatory framework with other countries. This will provide insights into effective regulatory strategies and potential outcomes.

#### **4. Policy Recommendations-**

Based on the research findings and analysis, policy recommendations will be formulated to address the adverse effects of illicit E-cigarette trade on the economy and youth. These recommendations will be reasonable and informed by the best practices observed in other jurisdictions.

#### **5. Limitations-**

The research might face limitations such as the availability of accurate and up-to-date data and generalizability of findings due to the sample size and diversity.

#### **4. RESEARCH OBJECTIVE-**

The primary objective of this research is to comprehensively investigate the effects of the illicit trade of E-cigarettes in India and the well-being of its youth. To achieve its goal, the research is guided by the following specific research objectives -

##### **1. How is the illicit trade of e-cigarettes a threat to the Indian economy -?**

Examining the effects of the illicit trade on the Indian economy by analyzing the after-ban effects, the size and expected growth of E-cigarettes after the ban, and the policies adopted by the Indian Government to reduce the use of E-cigarettes.

##### **2. Flow of money in the illicit market and the structure of this market-**

Examining the flow of money in this illicit market and its structure with the help of reports, articles, and some reasonable assumptions.

### **3. Analyse youth consumption patterns-**

Analyzing the reason for vaping amongst youth and what makes their perspective towards vaping a completely normal thing. Why does an individual vape for the first time, what influences them?

### **4. Study marketing and branding strategies-**

Examining marketing and branding tactics employed by E-cigarette suppliers to target and attract the youth population, assessing the impact of misleading advertising.

### **5. Examine health consequences-**

To examine and analyze the ill effects of smoking E-cigarettes on a normal human being.

### **6. Examine regulatory framework-**

Investigating the regulations implemented and actions taken by the government to reduce the after-ban effects of e-cigarettes and controlling vaping culture amongst youth.

### **7. Formulate policy recommendations-**

Develop evidence-based policy recommendations to address the adverse effects of illicit E-cigarette trade, encompassing the economic, health, and youth-focused perspective.

### **8. Benchmark international experiences-**

Compare India's experiences with illicit E-cigarette trade to those of other countries facing similar challenges, identifying successful regulatory strategies and lessons learned.

### **9. Contribute to public awareness-**

Raise awareness about the multifaceted impact of illicit E-cigarette trade by spreading research findings through academic publications, policy briefs, and public engagement initiatives.

The research outcomes will serve as a foundation for informed policy decisions, regulatory enhancements, and public health interventions to mitigate the negative consequences of this burgeoning issue.

## **5. RESEARCH QUESTIONS-**

1. How does the illicit trade of E-cigarettes impact the Indian Economy regarding revenue losses, tax evasion, and disruptions to legitimate markets?
2. Why is vaping so popular amongst the Indian youth and what are their consumption patterns?
3. Why is the E-cigarette market still growing in India even after its ban?
4. What are the marketing strategies employed by the E-cigarette suppliers to target the youth demographic and how do these strategies contribute to increased consumption?
5. What is the government doing to curb or control the illicit trade and consumption of E-cigarettes in India?
6. How effective are the existing policies to control the ill effects of E-cigarettes?
7. What are the steps taken by other countries facing the same problem?
8. What are the health consequences of normal and excessive vaping?
9. What is the punishment if anybody is found guilty of The Prohibition of Electronic Cigarettes Act, 2019?
10. Based on the research findings, what evidence-based policy recommendations can be formulated to effectively address the adverse effects of illicit E-cigarette trade on the Indian economy and youth?

## 6. RESEARCH ANALYSIS-

This is the world of E-cigarettes, where smoking has been revolutionized! Over the past few years, E-cigarettes have become a worldwide phenomenon, with millions of people turning to this alternative form of smoking. The E-cigarette industry has been seeing a massive expansion in recent years, with new products, flavors, and innovations emerging. While E-cigarette is gaining popularity, it's also facing criticism and controversy. Some argue that it's just as harmful as traditional smoking, while others view it as a valuable tool in helping people quit smoking. So what exactly is an E-cigarette? E-cigarettes, aka JUULs and vape pens, use a battery to heat a special liquid into an aerosol that users inhale.<sup>5</sup> An E-cigarette mainly contains a power source [battery], a heating element [atomizer], and a cartridge or pod that holds a liquid solution containing varying amounts of nicotine, flavorings, and other chemicals.<sup>6</sup>

The Indian Government has banned E-cigarettes by implementing the Prohibition of Electronic Cigarettes Act 2019. This step was a revolutionary step taken by the government. But the ground reality is that the E-cigarette market in India is growing rapidly even after its ban. The illicit trade of E-cigarettes has significant economic ramifications for India. Tax invasions and revenue losses resulting from the unregulated sale of these products lead to diminished government income.<sup>7</sup>

According to a report published in July 2019, The Indian e-cigarette market was valued at \$7.8 million in 2018 and is expected to register a CAGR of 26.4% during 2019-2024.<sup>8</sup>

The money collected through illicit trade results in increased black money. Black money is a real threat to any country's economy. India is on the path of becoming a \$5 trillion economy and these are some of the major challenges faced by the government.

<sup>5</sup> <https://e-cigarettes.surgeongeneral.gov/getthefacts.html>

<sup>6</sup> <https://www.lung.org/quit-smoking/e-cigarettes-vaping/whats-in-an-e-cigarette>

<sup>7</sup> <https://www.businesstoday.in/opinion/columns/story/why-e-cigarette-ban-in-india-will-do-more-harm-than-good-296540-2021-05-20>

<sup>8</sup> <https://www.psmarketresearch.com/market-analysis/india-e-cigarette-market>

Why are E-cigarettes popular amongst the youth?

According to a survey conducted in 2019, 8 out of 10 teens said that vaping is part of their everyday life<sup>9</sup>. A teen who has never smoked a cigarette or vape thinks that vape is a much safer version when compared to cigarettes. But it's not completely safe. It contains a chemical named nicotine which is highly addictive. Also, teens think that vapes are cool and trendy, most people don't even know that E-cigarette is banned in India. E-cigarettes come in more than 150 flavors appealing to young preferences and can lure youth into using these products without an awareness of potential health risks<sup>10</sup>. Teens use e-cigarettes as a medium for socializing. Consequently, the younger generation's overall health, academic performance, and future productivity are jeopardized.

E-cigarette is marketed as a safer alternative to cigarettes and it's an alternative for people who want to quit cigarettes. This attracts more people as it is a better option than smoking cigarettes. They are marketing vapes as a healthier alternative to standard cigarettes.<sup>11</sup> E-cigarettes are openly sold at pan shops to any age group without any regulation. No actions are taken by the police.

The government of India prohibited smoking in public places under the Prohibition of Smoking in Public Place Rules, 2008, and COTPA [Cigarettes and Other Tobacco Products Act, 2003]<sup>12</sup>. People still smoke cigarettes and E-cigarettes in public without any fear of punishment. The fine for offenders is just Rs. 200.<sup>13</sup> The regulatory frameworks need to be more strict. Even after the ban of e-cigarettes, many people smoke at public places without any fear. E-cigarette does not emit hazardous smoke when compared to standard cigarettes. That is why it goes unnoticed at public places.

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<sup>9</sup> <https://www.edweek.org/leadership/for-8-in-10-teens-vaping-is-part-of-everyday-life-poll-finds/2019/11>

<sup>10</sup> <https://www.businesstoday.in/latest/economy-politics/story/e-cigarettes-banned-india-why-govt-stops-sale-production-storage-ends-228015-2019-09-18>

<sup>11</sup> <https://economictimes.indiatimes.com/news/india/despite-ban-e-cigarettes-widely-available-at-tobacco-shops-sold-without-age-verification-survey/articleshow/99186778.cms?from=mdr>

<sup>12</sup> <https://www.legalserviceindia.com/legal/article-1960-prohibition-of-smoking-in-a-public-place-in-india.html>

<sup>13</sup> [https://www.iitk.ac.in/doip/data/COTPA/Guidance\\_COTPA.pdf](https://www.iitk.ac.in/doip/data/COTPA/Guidance_COTPA.pdf)



People who smoke E-cigarettes have reported health problems like lung injuries, seizures, neurological symptoms, EVALI [E-cigarette or vaping use-associated lung injury]<sup>14</sup>, cardiovascular diseases, cancer risk, respiratory diseases, etc. The health consequences of E-cigarettes are a matter of grave concern<sup>15</sup>. The unregulated nature of these products means that their quality is uncertain, raising concerns about potential health risks. Youth particularly open to experimentation may unintentionally consume harmful substances, leading to adverse health effects. The presence of unapproved additives in illicit products can worsen addiction.

E-cigarettes are banned in India. 1st-time offender is punished with imprisonment of up to 1 year, a fine of up to 1 lakh rupees, or both. A repeat offender will be punishable with imprisonment up to 3 years, a fine up to 5 lakh rupees, or both<sup>16</sup>.

Talking about other countries, most of them have put an age restriction, sales ban, and restrictions on the advertising, and promotion of E-cigarettes<sup>17</sup>. Every country in the world is facing the same problem and they are trying hard to control it. But one thing that other countries are doing better is they have adopted a combination of stringent regulations, robust enforcement, public awareness campaigns, etc. Learning from their strategies can inform the formulation of effective policies for India.

## **7. RECOMMENDATIONS-**

### **1. Strengthen the Regulatory Framework-**

~ Implement regulations that cover all aspects of E-cigarette production, distribution, and marketing for illicit products.

~ Establish and introduce clear definitions for E-cigarettes and vaping devices to prevent ambiguity and facilitate effective enforcement.

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<sup>14</sup> <https://my.clevelandclinic.org/health/diseases/24948-evali#:~:text=EVALI%20is%20a%20serious%20inflammatory,abdominal%20issues%2C%20fever%20and%20chills.>

<sup>15</sup> <https://www.lung.org/quit-smoking/e-cigarettes-vaping/impact-of-e-cigarettes-on-lung>

<sup>16</sup> <https://www.livemint.com/news/india/here-s-the-punishment-you-might-attract-for-dealing-with-e-cigarettes-any-longer-1568805211069.html>

<sup>17</sup> <https://profglantz.com/2021/11/03/47-countries-have-banned-e-cigarettes/>

## **2. Increase Punishment for Offenders-**

~Introducing stricter punishments, penalties, and legal consequences for individuals and entities involved in the production of illicit E-cigarettes will send a strong deterrent message.

## **3. Spreading Awareness through Education-**

~ Education is a very powerful weapon. It should be used to create awareness regarding unlawful and bad things.

~ By educating students of all age groups through awareness drives and lectures, we can significantly reduce the number of E-cigarette smokers and also save many children who thought that it was a cool thing.

## **4. Continuous Monitoring and adaptations-**

~ Establish a dedicated task force responsible for monitoring the E-cigarette market, identifying emerging trends, and adapting regulations accordingly.

~ Conduct regular assessments of the effectiveness of implemented policies and make necessary adjustments to address evolving changes.

## **5. Pairing Up With NGOs-**

~ The government can pair up with NGOs to raise awareness as NGOs can also collect volunteers and do it on a large scale.

## **6. Streamline Regulation across the States-**

~ Collaborate with the State government to strengthen the regulatory framework and enforce protocols, eliminating regional disparities that facilitate the illicit trade of E-cigarettes.

## **7. International Collaboration-**

~Collaborate with international organizations and countries that have successfully tackled illicit E-cigarette trade to share best practices, strategies, and lessons learned.

~ Strengthen international cooperation to prevent cross-border smuggling and trade of illicit E-cigarettes.

By implementing these policy recommendations, India can effectively combat the adverse effects of the illicit E-cigarette trade, protect its economy, and safeguard the well-being of its youth population

## **8. CONCLUSION-**

The study into the effects of the illicit trade of E-cigarettes on the Indian economy and the youth population has illuminated a complex web of challenges and consequences. The comprehensive research has underscored the urgent need for proactive measures and collaborative efforts to address this critical issue and safeguard economic stability and public health.

The research has revealed that the underground trade of E-cigarettes in India has far-reaching economic implications. Tax invasion and revenue losses constitute a significant threat to the Nation's fiscal health.

Furthermore, the study has demonstrated that the youth of India are disproportionately impacted by the secret E-cigarette market. The aggressive marketing strategies employed by illicit suppliers, coupled with deceptive branding and appealing flavors, have led to an increase in youth consumption. This has dire consequences for the physical health, education, and future productivity of the younger generation.

The examination of regulatory frameworks and enforcement mechanisms has highlighted the challenges faced by the authorities in curbing illicit cigarette trade. The lack of harmonized regulations, coupled with sophisticated evasion techniques, poses obstacles to effective enforcement. The study also underscored the importance of public

awareness campaigns to counter deceptive marketing strategies and equip the youth with accurate information about the potential health risks of e-cigarettes.

E-cigarette is a world problem. People around the world are facing extreme health problems because of vaping. The youth population is the most affected. All

the countries should come together to protect their as well as the world's future. Many countries have regulated or banned E-cigarettes.

The study reaffirms the urgent need for comprehensive policy interventions that encompass regulatory enhancements, and stringent enforcement measures as this vaping trend is rising amongst the youth. By addressing the illicit trade of E-cigarettes holistically, India can protect its economy, foster a healthier future for its youth, and ensure that public health remains a cornerstone of its developmental trajectory. The findings of this research underscore the significance of a concerted effort by policymakers, stakeholders, and society at large to combat the adverse effects of this burgeoning issue and secure a more prosperous and healthier future.

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